



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 9/4/2002

GAIN Report #BK2008

## **Bosnia-Herzegovina**

### **Grain and Feed**

### **Wheat Update**

## **2002**

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#### **Report Highlights:**

**The wheat harvest in Bosnia-Herzegovina was good but the country still remains dependent on imports. Overall supply in the coming months will be supported by USDA food assistance. This reports contains a production, supply, and demand (PS&D) estimates for wheat.**

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Includes PSD changes: Yes

Includes Trade Matrix: No

Unscheduled Report

Vienna [AU1], BK

**General**

Under the 1995 Dayton Peace Agreement, Bosnia and Herzegovina (BiH) is divided into two Entities: the Federation of Bosnia and Herzegovina (F BiH) and Republika Srpska (RS). Understanding this dual governmental structure is important to understanding agricultural policy in the country. In part because of this division, there is no official crop data available on a country-wide basis and producer support programs vary by Entity.

**Government Support and Policy**

Wheat production costs are higher in BiH than for other regional producers such as Hungary.

Although F BiH only account for a quarter of the country's grain production, the local government there recently decided to support grain producers with the following subsidies:

Wheat and Corn - KM50/MT

Ray -KM70/MT

Barley - KM60/MT

This could boost grain production next year in F BiH.

In the RS, where most of the country's wheat is grown, the Government has been unable to resell wheat purchased earlier from farmers at price of KM 0.27/kg (about \$137/MT - the minimal purchase price). The result is that the local government does not have the cash on hand to pay farmers the first of three annual installments for their grain. Many farmers may decide not to grow wheat next year.

**Food Assistance**

Since 1995, the U.S. Department of Agriculture has provided food assistance that is distributed through private voluntary organizations (PVOs) throughout BiH. In most cases, the commodities are sold at local market prices and the proceeds from the sale are used to support agricultural development programs. Recently, PVOs announced the sale of up to 51,400 MT of high quality U.S. milling wheat on sealed bid basis but with a minimum price of 289 KM (about \$147) delivered to an Adriatic port. This wheat will arrive in BiH beginning in the fall of 2002. U.S. wheat is usually blended with lower quality wheat by millers.

**Other Policy Developments**

BiH recently announced its intention to become a WTO member within two years.

Currency note: the convertible Bosnian mark (KM) is worth roughly US\$0.51 as of Sept. 4, 2002.

**Wheat PS&D**

PSD Table						
Country	Bosnia-Herzegovina					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		07/2000		07/2001		07/2002
Area Harvested	104	114	103	0	105	110
Beginning Stocks	143	143	200	130	169	169
Production	339	275	269	0	310	297
TOTAL Mkt. Yr. Imports	399	313	400	0	350	350
Jul-Jun Imports	399	0	400	0	350	350
Jul-Jun Import U.S.	52	60	0	0	0	107
TOTAL SUPPLY	881	731	869	130	829	816
TOTAL Mkt. Yr. Exports	1	1	0	0	0	0
Jul-Jun Exports	1	1	0	0	0	0
Feed Dom. Consumption	150	150	150	0	150	150
TOTAL Dom. Consumption	680	600	700	0	700	700
Ending Stocks	200	130	169	169	129	116
TOTAL DISTRIBUTION	881	731	869	169	829	816